

Decision No. 52143**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
 into the rates, rules, regulations,)
 charges, allowances and practices)
 of all common carriers, highway)
 carriers and city carriers relating)
 to the transportation of fresh or)
 green fruits and vegetables and)
 related items (commodities for)
 which rates are provided in Minimum)
 Rate Tariff No. 8).

Case No. 5438
 (Petition for Modification
 No. 8)

Arlo D. Poe, J. C. Kaspar and R. D. Boynton,
 for California Trucking Associations, Inc.,
 petitioner.
 H. J. Bischoff, George C. Smith, James F.
 Bartholomew, Albert Goliti, James Potter,
 Lester Parker, H. M. Hendrix, Grove G.
 Lautzenhiser, Becky Schnitzer, Charles C.
 Wilson, Edward W. Elliott, Ray E. Magness,
 R. W. Ross and A. W. Merrifield, for various
 carrier respondents.
 J. J. Deuel, for California Farm Bureau Federa-
 tion and John E. Barbeau, for California
 Fruit Exchange, protestants.
 W. G. O'Barr, Jess G. King, Thomas R. Phillips,
 R. C. Neill, Paul O. Helin, Ralph L. Coffing,
 E. Alan Mills, James C. Uhler and W. J. Knoell,
 for various shippers and organizations, inter-
 ested parties.
 Grant L. Malquist, Marcel Gagnon and Norman Haley,
 for the Commission's staff.

INTERIM OPINION

By petition filed July 5, 1955, the California Trucking Associations, Inc., seeks an interim increase in the minimum rates and charges established by the Commission for the transportation of fresh fruits and vegetables by highway carriers in California.

The last general adjustment of the minimum rates, which are contained in Minimum Rate Tariff No. 8, was effective September 10, 1953 pursuant to the provisions of Decision No. 48957 dated August 10, 1953.

Public hearing was held before Examiner J. E. Thompson at Los Angeles, August 9 and September 1, 1955, and at San Francisco, August 10, 1955. Evidence was presented by petitioner and by the Commission's staff.

Petitioner contends that since the last general adjustment of the rates, the cost of transporting fresh fruits and vegetables by motor vehicle has increased substantially. It alleges that recent wage increases granted to drivers and helpers has resulted in an emergency situation wherein highway carriers are now operating at a loss and the financial condition of the carriers is such that if revenues are not increased substantially in the immediate future their ability to continue operations will be impaired. The filed petition asks that an immediate interim increase of 10 per cent in all rates and charges contained in Minimum Rate Tariff No. 8 be granted pending completion of a detailed study by petitioner and consideration by the Commission of the data being developed. In its closing statement, petitioner urged that the Commission grant an interim increase of 5 per cent in all rates and charges except on transportation of potatoes and onions for which special commodity rates have been established since September, 1953, and upon transportation of produce in the Los Angeles area for which special rates have been recently prescribed. Petitioner asks that those rates be increased by 3 per cent.

Protestants stated that an increase of more than 3 per cent is not warranted and the growers are not in a financial condition to pay higher transportation rates. They stated that farm prices which the grower can obtain have not risen commensurate with the increased cost of raising and marketing crops and that an increase in transportation rates as sought by petitioner would place an undue hardship upon the growers.

Evidence offered by petitioner includes detailed summaries of wage agreements applicable in all parts of the state, a schedule showing the effect of wage increases upon total cost of operation and a summary of the operating results for the year 1954 of 30 carriers represented as being predominantly engaged in the transportation of fresh fruits and vegetables. The summary of operating results shows that because of wage increases effective in May and June, 1955, the carriers are operating at a loss. The operating results projected to reflect current wages shows a combined operating ratio of over 102 per cent for the 30 carriers. Petitioner has shown that wage increases since the last general rate adjustment had the effect of increasing total cost of operation by over 3 per cent. This calculation is conservative in that no effect was given to wage contracts which were pending at the time of the first day of hearing and were settled resulting in substantial wage increases prior to submission of the proceeding.

The staff presented a supplement to a cost study developed in 1951 and 1952. Another supplement (Exhibit No. 1-4) to this study was introduced in evidence at hearings which culminated in the last general revision of rates which was prescribed in Decision No. 48957. A comparison of the costs developed at that time with the costs modified to reflect current wages and payroll expense shows that the cost of performing transportation of truckload shipments has increased 4 per cent and of less truckload shipments between 4 per cent and 8 per cent since the last general rate adjustment.

The president of Southern California Freight Lines testified that from a review of operations conducted by his company he is of the opinion that the present truckload rates are reasonable in the case of shipments of 36,000 pounds or more. He suggested that as an alternative to an increase in truckload rates that the minimum weight be changed from 24,000 pounds to 36,000 pounds.

Conclusions

Petitioners have shown that the cost of performing the transportation and accessorial services herein involved has increased since the minimum rates and charges were last adjusted. The record shows that without immediate relief in the form of additional revenues, the ability of highway carriers to meet financial obligations and to maintain adequate service to the public may be seriously impaired. The petitioners have shown by a most conservative calculation that the cost of transporting fruit and vegetables has increased over 3 per cent. The staff's estimates of the costs of providing the various services appear reasonable. The comparisons, however, showing the percentage increase in costs since the last rate adjustment appear to be somewhat overstated in that Decision No. 48957 points out that the 1953 supplementary study (Exhibit No. 1-4) reflected wages in effect on July 1, 1953 and not those in effect at the time the rates were adjusted.¹ The staff's study, however, together with the petitioner's presentation clearly shows that the increased wage expense has had the effect of increasing the total cost of operation by 3 per cent in the case of truckload shipments and 5 per cent in the case of less-than-truckload quantities.

Since the last general adjustment of the rates, effective September 10, 1953, special rates have been established for the transportation of potatoes and onions,² culled vegetables³ and on transportation of produce within the Los Angeles area.⁴ These rates

¹ Decision No. 48957, dated August 10, 1953.

² Decision No. 51734, dated July 26, 1955, and Decision No. 50384, dated August 10, 1954.

³ Decision No. 51990, dated September 27, 1955.

⁴ Decision No. 50556, dated September 21, 1954, and Decision No. 51410, dated May 3, 1955.

were established on separate records which disclosed transportation conditions different from those found generally in the transportation of fresh fruits and vegetables. The effect of the wage increases upon the cost of transporting commodities at the special rates cannot be measured on the basis of evidence in this record.

Upon consideration of all of the evidence of record the Commission is of the opinion and finds that an interim increase in the special rates on potatoes and onions, on cull fruits and vegetables and in the rates prescribed on produce in the Los Angeles area has not been justified; an interim increase of 3 per cent in rates subject to a minimum weight of 24,000 pounds has been justified; and an interim increase of 5 per cent in all other rates and charges contained in Minimum Rate Tariff No. 8 is justified. The evidence of record does not show the effect the proposed change in the truckload minimum weight would have upon the rate structure as a whole; therefore, the suggestion of Southern California Freight Lines will not be adopted. Consideration may be given to this proposal when evidence is presented at further hearing in this petition.

The increases in rates and charges will be prescribed in the form of a surcharge to become effective November 25, 1955, the earliest date which will permit printing and service of this order. No expiration date shall be prescribed in view of other matters before the Commission which will require petitioner to make studies in order to present evidence in support of petitions on file. Petitioner is expected to use due diligence in prosecuting this petition and to notify the Commission in writing within 180 days of the date it will be prepared to proceed with further hearing.

INTERIM ORDER

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Minimum Rate Tariff No. 8 (Appendix "C" to Decision No. 33977, as amended) be and it is hereby further amended by incorporating therein, to become effective November 25, 1955, Supplement No. 12, attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that tariff publications required or authorized to be made by common carriers as a result of the order herein may be made effective on or after the effective date hereof on not less than five days' notice to the Commission and to the public; and that such required tariff publications shall be made effective not later than November 25, 1955.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 33977, as amended, shall remain in full force and effect. Except as otherwise provided herein, the petition of the California Trucking Association, Inc., for an interim increase in minimum rates for transportation of fresh fruits and vegetables is denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 25th day of October, 1955.

John E. Mitchell
President
M. J. Huber
R. H. ...

Commissioners

Justus F. Craemer
Commissioner, Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.

SUPPLEMENT NO. 12

(Supplements Nos. 11 and 12 Contain All Changes)

TO

MINIMUM RATE TARIFF NO. 8

NAMING

MINIMUM RATES, RULES AND REGULATIONS

FOR THE

TRANSPORTATION OF FRESH FRUITS, FRESH VEGETABLES

AND EMPTY CONTAINERS OVER THE PUBLIC HIGHWAYS.

BETWEEN POINTS IN THE STATE OF CALIFORNIA

AS DESCRIBED HEREIN

BY

CITY CARRIERS

RADIAL HIGHWAY COMMON CARRIERS

AND

HIGHWAY CONTRACT CARRIERS

◇ APPLICATION OF SURCHARGE

(a) Except as provided in paragraph (b) below, compute the amount of charges in accordance with the rates, rules and regulations of this tariff. The amount so computed shall be increased by five percent except that charges resulting from rates subject to minimum weight of 24,000 pounds shall be increased by three percent. Fractions will be disposed of in accordance with paragraph (c) below.

(b) The provisions of paragraph (a) will not apply to Items Nos. 304, 335, 340, 345, 350 and Section 3 of this tariff.

(c) Fractions of less than one-half cent shall be dropped; fractions of one-half cent or greater shall be increased to one cent.

◇ Increase, Decision No. 52143

EFFECTIVE NOVEMBER 25, 1955

Issued by the
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
State Building, Civic Center
San Francisco, California